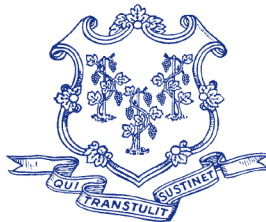


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March 3, 2022

TESTIMONY IN SUPPORT OF

S.B. No. 21 AN ACT CONCERNING A STATE-WIDE PROPERTY TAX ON CERTAIN RESIDENTIAL REAL PROPERTY

S.B. No. 26 AN ACT ESTABLISHING A REFUNDABLE CREDIT AGAINST THE PERSONAL INCOME TAX FOR LICENSED DRIVERS

S.B. No. 27 AN ACT INCREASING AND EXPANDING THE PROPERTY TAX CREDIT

S.B. No. 28 AN ACT ESTABLISHING A CAPITAL GAINS SURCHARGE

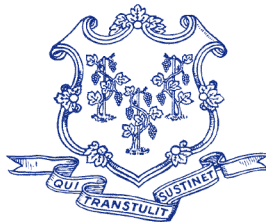
S.B. No. 29 AN ACT CONCERNING THE EARNED INCOME TAX CREDIT

Senator Fonfara, Representative Scanlon, Senator Martin,
Representative Cheeseman and members of the Finance Revenue and
Bonding Committee:

As I sit here today, I am optimistic that we are finally emerging from the grips of this pandemic. As our country and our state continue to recover from the brutal physical and emotional trauma of COVID-19, we cannot forget the financial toll it has taken on many of us, especially our working poor and middle-class wage earners who have borne the brunt of the economic crisis. Meanwhile, many at the high end of the income scale have prospered like never before.

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As we struggled to recover from the last great recession, we as a legislature had to make tough choices to cut services and pull back on tax relief for many of our hard-working families trying to make ends

meet. It is only right that now as our state has stabilized our finances, that we begin to restore some of those tax programs so that we can help those families once again bounce back from the most recent fiscal crisis.

On Monday of this week our Department of Revenue Services released its latest Tax Incidence Report. It is an up-to-date reminder of how regressive some of our taxes can be in this state. While we have made progress in transforming our income tax into a more progressive form, our property tax, and especially our car property tax continues to fall disproportionately on those least able to afford it. Property taxes account for over 43% of all taxes levied in Connecticut. The approximately 850,000 people in Connecticut who constitute the lowest 10% of wage earners in Connecticut pay over 15% of their income in property taxes. Meanwhile the 772 people who represent the top 10% of all wage earners pay barely 0.5% of their income in property taxes.

Here are a few ways to start to reverse this trend:

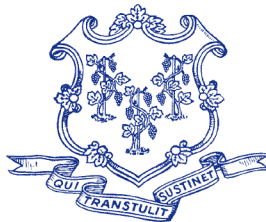
S.B. No. 21 AN ACT CONCERNING A STATE-WIDE PROPERTY TAX ON CERTAIN RESIDENTIAL REAL PROPERTY

This bill would simply apply a modest 2 mill assessment to all houses statewide that are in excess of \$1.2 million in assessed value. At 70% assessment, that means that only houses in excess of \$1.7 million of actual value would be subject to the property tax.

This new revenue would be designated to pay for the most recent Sheff v. O'Neill settlement and to fully fund our Excess Cost grant program. Because Excess Cost has been capped for many years, cities and towns

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receive only 71% of the money they are entitled to under the formula. Funding Excess Cost would bring property tax relief to all cities and towns.

S.B. No. 26 AN ACT ESTABLISHING A REFUNDABLE CREDIT AGAINST THE PERSONAL INCOME TAX FOR LICENSED DRIVERS

Drivers in Connecticut are painfully aware of the cost of gasoline right now. Our current excise tax on gasoline is a regressive form of tax. This bill would bring modest relief to drivers by giving them a \$50 tax credit similar to the EITC structure. At an average of 10,000 miles a year and a 20-mpg car, the average driver in Connecticut pays \$125 a year in gas tax. This would provide a significant reimbursement of that amount.

S.B. No. 27 AN ACT INCREASING AND EXPANDING THE PROPERTY TAX CREDIT

This bill seeks to restore our property tax credit to a form closer to its original intention. This credit was the victim of the bipartisan budget in 2017, reducing the credit amount and the number of people eligible. I am pleased to see that the Governor has proposed a similar increase in this credit and look forward to working with him to provide property tax relief to many in our state.

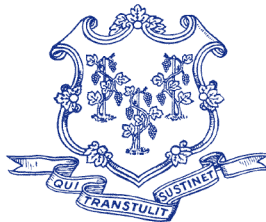
S.B. No. 28 AN ACT ESTABLISHING A CAPITAL GAINS SURCHARGE

As the stock market has soared throughout the past 8 years, capital gains have increased dramatically, expanding the income gap in Connecticut. As a matter of tax fairness, this proposal asks for a modest 1% surcharge on these capital gains for those in the highest income bracket in Connecticut.

S.B. No. 29 AN ACT CONCERNING THE EARNED INCOME TAX CREDIT

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The EITC was another victim of the 2017 bipartisan budget. A widely lauded bipartisan program in most of the country, this proposal seeks to increase the reimbursement rate here in Connecticut to 41.5% of the federal program. This rate was lowered to 23% as a result of balancing the budget in 2017. It was intended to be a temporary decrease; the working families of Connecticut deserve this increase.

Thank you for your consideration of these five pieces of tax relief and tax fairness. We can make our tax structure more progressive and give the hard-working families in Connecticut needed support.

Sincerely,

A handwritten signature in black ink that reads "Martin Looney".

Martin M. Looney

Senate President Pro Tempore